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SUPERFUND RECORDS

THE EAGLE-PICHER COMPANY  
ANNUAL REPORT — 1961

**ANNUAL REPORT**  
**FOR THE**  
**FISCAL YEAR ENDED NOVEMBER 30, 1961**



**THE EAGLE PICHER COMPANY**  
**CINCINNATI OHIO**

# THE EAGLE PITCHER COMPANY

## DIRECTORS

WILLIAM R DICE	STANLEY R MILLER
LOUIS A FISHER	ORSON A ROCKWELL
DAVID M FORKER JR	ARTHUR W SCHUBERT
CARL A GEIST	T SPENCER SHORE
ALBERT E HEEKIN JR	GEORGE A SPIVA
CARL F HERTENSTEIN	MILES M ZOLLER

## OFFICERS

T SPENCER SHORE	PRESIDENT
ALFRED S AULT	VICE PRESIDENT
GLEN J CHRISTNER	VICE PRESIDENT
WILLIAM R DICE	VICE PRESIDENT
LOUIS A FISHER	VICE PRESIDENT
CARL A GEIST	VICE PRESIDENT
MILO J MARSH	VICE PRESIDENT
HAROLD F NUNN	VICE PRESIDENT
MILES M ZOLLER	VICE PRESIDENT
RICHARD SERVISS	SECRETARY
JOHN C HEISLER	TREASURER
HAROLD E ANDERSON	COMPTROLLER
MELVIN F CHUBB	ASSISTANT SECRETARY
CHARLES S DAUTEL	ASSISTANT SECRETARY
CORBIN E SHOUSE	ASSISTANT SECRETARY
JOHN H WINCHESTER	ASSISTANT SECRETARY
ARTHUR C ZIMMERMAN	ASSISTANT SECRETARY

TRANSFER AGENTS Morgan Guaranty Trust Company of New York  
The Central Trust Company Cincinnati

REGISTRARS The Chase Manhattan Bank New York  
The Fifth Third Union Trust Company Cincinnati

# THE EAGLE Picher COMPANY

## TO OUR SHAREHOLDERS

Net sales of The Eagle Picher Company for the fiscal year ended November 30 1961 amounted to \$109 894 704 as compared with \$120 835 294 for the previous year

Net profit for 1961 was \$2 683 037 equivalent to \$1 30 per share as compared with net profit from operations in 1960 of \$3 867,088 or \$1 89 per share In addition there was a non recurring profit in 1960 of \$900 000 or 44 cents per share increasing total profit for that year to \$4 767 088 or \$2 33 per share

Production facilities in 1961 were improved and expanded including the construction of a new rare metals plant at Quapaw Oklahoma

Dividends of \$1 20 per share were paid on the common stock in 1961 and 1960

The Company's financial position at November 30 1961 continues strong with net worth at an all time high

### Sales

Net sales for the 1961 fiscal year were \$109 894 704 as compared with \$120 835 294 for the year ended November 30 1960 a decrease of 9 1%

The Company's sales in 1961 followed the pattern anticipated a year ago and reflect the trend in the general economy First quarter sales showed a decrease of 21% in comparison with 1960 the decline narrowed to 7 9% in the second quarter and in the third quarter to 2 2% This trend was interrupted in the fourth quarter when sales showed a decrease of 4% from a year ago Sales of \$29 724 188 in that quarter however were the best of the year and probably would have exceeded the comparable figure of \$30 947 753 for 1960 except for strikes in plants of some of our major customers

To a greater extent than in other minor recessions in the post war period the industrial price structure during 1960-1961 was generally soft reflecting ample plant capacities in many lines Competition has been intense not only among companies making the same product but between products which can substitute for each other of which there are many examples throughout industry

The Company's research and development activities have been expanded to meet this situation and notable progress has been made in the improvement of present products and the development of new ones Furthermore the Company's sales effort has been increased in areas characterized by relatively large fixed expenses and small variable costs where additional volume above the break-even point is translated into considerably higher profit margins

### Earnings

Net profit for the fiscal year ended November 30 1961 amounted to \$2 683 037 or \$1 30 per share Net profit from operations in 1960 was \$3 867 088 or \$1 89 per share a non recurring profit of \$900 000 or 44 cents per share increased total profit for the year to \$4 767 088, equivalent to \$2 33 per share The Company's fourth quarter profit was the highest of the year and might well have exceeded that for the fourth quarter of 1960 except for the interruptions of production due to labor stoppages previously mentioned

These results although quite general among companies engaged in similar manufacturing activities are disappointing Prices of products sold to manufacturers not only have failed to keep pace with increases in wage costs and other expenses but in many cases have actually been reduced Operating economies consequently have not been sufficient to maintain profit margins Fortunately

some evidences of firmer prices although minor in degree and extent are now apparent and we are hopeful that this trend will be more general in 1962

## Balance Sheet

Shareholders net worth at November 30 1961 was \$45 687 278 or \$22 15 per share as compared with \$45 081 582 or \$22 03 per share at November 30 1960

Current assets at November 30 1961 aggregated \$39 376 417 as compared with current liabilities of \$11 450 080 a ratio of about 3 5 to 1 Net working capital of \$27 926 337 compared with \$29 632 137 at the beginning of the year

Cash and United States Government obligations including amounts deducted from the provision for Federal taxes on income aggregated \$6 587 542 at the 1961 year end as compared with \$8 574 104 at November 30 1960

Accounts and notes receivable were \$13 871 154 as compared with \$13 634 301 at November 30 1960

Inventories at the end of 1961 were \$19 237 343 a decrease of \$1 590 532 from the corresponding figure of \$20 827 875 a year earlier

Net fixed assets of \$26 569 140 at November 30 1961 compared with \$25 191 707 at the end of 1960 Capital expenditures for the year were \$4 146 342 as compared with provision for depreciation depletion and amortization of \$2 783 846

## Dividends

Dividends of \$1 20 per share were paid in 1961 the same rate as the previous year

Dividends have been paid in each of the past 26 years and the one payable next March will mark the 88th consecutive quarterly dividend Dividends paid in 1952-1961 inclusive have totaled \$19 906 234 as compared with net profits

## SUMMARY OF NET WORTH

	NOVEMBER 30 1961		NOVEMBER 30 1951	
	AMOUNT	PER SHARE	AMOUNT	PER SHARE*
SHAREHOLDERS NET WORTH	<u>\$45 687 278</u>	<u>\$22 15</u>	<u>\$26 398 195</u>	<u>\$13 34</u>
THIS OWNERSHIP WAS REPRESENTED BY				
Working capital (current assets less current liabilities)	\$27 926 337	\$13 54	\$18 625 755	\$ 9 41
Net fixed assets	26 569 140	12 88	11 102 406	5 60
Other assets	<u>4 449 409</u>	<u>2 16</u>	<u>4 863 046</u>	<u>2 46</u>
Total	<u>\$58 944 886</u>	<u>\$28 58</u>	<u>\$34 591 207</u>	<u>\$17 47</u>
FROM WHICH MUST BE DEDUCTED				
Long term debt	\$12 000 000	\$ 5 82	\$ 7 500 000	\$ 3 78
Reserves	<u>1 257 608</u>	<u>0 61</u>	<u>693 012</u>	<u>0 35</u>
Total	<u>\$13 257 608</u>	<u>\$ 6 43</u>	<u>\$ 8 193 012</u>	<u>\$ 4 13</u>
SHAREHOLDERS NET WORTH	<u>\$45 687 278</u>	<u>\$22 15</u>	<u>\$26 398 195</u>	<u>\$13 34</u>
Adjusted to present capitalization				

of \$39 114 502 for the period or approximately 50% of earnings. We believe that this is a proper ratio for a manufacturer's manufacturer which has opportunities for profitable reinvestment of shareholders' funds.

### Capital Expenditures

The Company has spent \$46 286 204 on capital additions in the past ten years. Provisions for depreciation, depletion and amortization during this period amounted to \$26 305 236 and earnings in excess of dividends paid almost equalled the difference.

Expenditures for new facilities in the 1952-1961 period not only exceeded the Company's net worth of \$45 687 278 at November 30, 1961 but were considerably more than the stated value of its fixed assets which stood at a new peak of \$26 569 140 at the close of 1961.

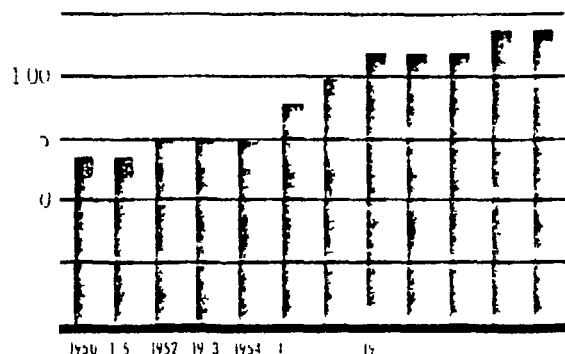
The figure of \$46 286,204 capital additions includes approximately \$15 000,000 for fixed assets of companies acquired for cash while the balance of about \$31 000 000 which may be termed internal capital expenditures includes construction of six new plants as well as additions to and improvements of, older plants.

### Directors & Officers

Mr. Albert E. Heekin Jr., President of The Heekin Can Company, was elected a member of the Board of Directors on February 1, 1961.

Mr. Harold F. Nunn, formerly Vice President, General Manager and a Director of the H. K.

DIVIDENDS PAID PER SHARE  
(CENTS)



Porter Company Ltd. was elected a Vice President of The Eagle Picher Company in June 1961 and serves as General Manager of the Insulation Division.

### General

The unsatisfactory relationship between industrial costs and prices which has prevailed in recent years has prevented total corporate profits from showing any significant overall growth and has resulted in steadily lower returns on both sales and investment. This condition if long continued will seriously harm the country's economy and defense effort. It is so vital to all segments of our population that we believe management, labor and government will of necessity pursue policies which will increase profits, employment and taxes.

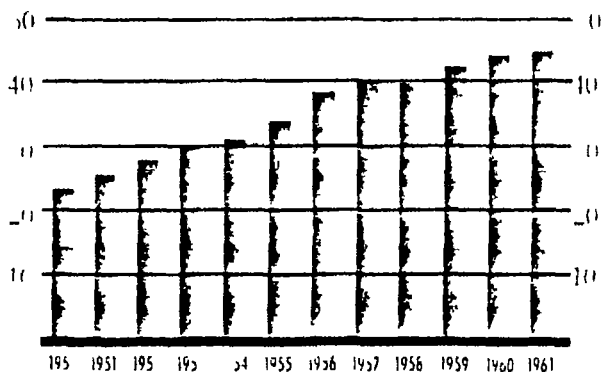
Surveying the Company division by division one finds its physical facilities larger and more efficient than any time in its history, its product lines broader and its staff of people able and eager to meet the challenges and opportunities that lie ahead.

Recognition and thanks are due to all members of the organization for a good performance under difficult conditions which should benefit shareholders in the period ahead.

*Spencer Shore*  
President

Cincinnati, Ohio  
January 26, 1962

NET WORTH  
At November 30



# THE EAGLE PITCHER COMPANY

CONSOLIDATED BALANCE SHEET

ASSETS	<u>1961</u>	<u>1960</u>
<b>CURRENT ASSETS</b>		
Cash	\$ 6 267 920	\$ 6 799 413
Accounts and notes receivable less allowance for doubtful receivables \$315 903 and \$305 244	13 871 154	13 634 301
Inventories of raw materials work in process finished products and supplies (note 1)	<u>19 237 343</u>	<u>20 827 875</u>
<b>TOTAL CURRENT ASSETS</b>	<u>39 376 417</u>	<u>41 261 589</u>
 <b>OTHER ASSETS</b>		
Repair parts and maintenance supplies	851 920	867 176
Investments, at cost and miscellaneous accounts and advances	<u>1 042 237</u>	<u>999 773</u>
	<u>1 894 157</u>	<u>1 866 949</u>
 <b>PROPERTY PLANT AND EQUIPMENT AT COST</b>	72 405 627	69 000 031
Less Allowance for depreciation and depletion	<u>45 836 487</u>	<u>43 808 324</u>
	<u>26 569 140</u>	<u>25 191 707</u>
 <b>PATENTS AT COST — less amortization</b>	<u>1 199 174</u>	<u>1 370 370</u>
 <b>PREPAID AND DEFERRED CHARGES</b>		
Prepaid freight insurance etc	339 140	406 183
Miscellaneous deferred charges	<u>1 016 938</u>	<u>837 671</u>
	<u>1 356 078</u>	<u>1 243 854</u>
	<u><b>\$70 394 966</b></u>	<u><b>\$70 939 469</b></u>

*The accompanying notes are*



# AND DOMESTIC SUBSIDIARIES

1 AND 100

## LIABILITIES

	1961	1960
<b>CURRENT LIABILITIES</b>		
Accounts payable	\$ 5 102 616	\$ 5 904 640
Dividend payable	619 374	614 686
Accrued liabilities	3 206 519	3 355 997
Federal taxes on income less U S Government obligations at cost \$319 622 and \$1 774 691 (note 2)	1 521 571	754 129
Long term debt — current portion	1 000 000	1 000 000
<b>TOTAL CURRENT LIABILITIES</b>	<b>11 450 080</b>	<b>11 629 452</b>
 <b>LONG TERM DEBT — 3<sup>3</sup>/<sub>4</sub>% notes maturing serially to July 15 1974 less current portion (note 3)</b>	 <b>12 000 000</b>	 <b>13 000 000</b>
 <b>RESERVS FOR SELF INSURANCE</b>	 <b>1 257 608</b>	 <b>1 228 435</b>
 <b>STOCKHOLDERS EQUITY</b>		
Capital stock — par value \$5 per share authorized 3 000 000 shares issued and outstanding 2 067 654 shares	10 338 270	10 338 270
Capital surplus	2 510 316	2 487 663
Retained earnings (note 3)	32 951 043	32 737 229
	45 799 629	45 563 162
 Less Treasury stock at cost 5 074 and 21 300 shares	 112 351	 481 580
	45 687 278	45 081 582
	<b>\$70 394 966</b>	<b>\$70 939 469</b>

integral part of this balance sheet

# THE EAGLE-PICHER COMPANY AND DOMESTIC SUBSIDIARIES

## STATEMENTS OF CONSOLIDATED PROFIT AND LOSS AND RETAINED EARNINGS

YEARS ENDED NOVEMBER 30, 1961 AND 1960

	<u>1961</u>	<u>1960</u>
INCOME		
Net sales	\$109,894,704	\$120,835,294
Other income	<u>110,982</u>	<u>172,377</u>
	<u>110,005,686</u>	<u>121,007,671</u>
COSTS AND EXPENSES		
Production and manufacturing costs	92,720,098	100,446,548
Selling, general and administrative expenses	9,151,023	9,255,953
Provision for depreciation, depletion and patent amortization	2,783,846	2,783,440
Interest	<u>517,682</u>	<u>554,642</u>
	<u>105,172,649</u>	<u>113,040,583</u>
PROFIT FROM OPERATIONS — before Federal and State taxes on income	4,833,037	7,967,088
FEDERAL AND STATE TAXES ON INCOME (note 2)	<u>2,150,000</u>	<u>3,200,000</u>
NET PROFIT	2,683,037	4,767,088
RETAINED EARNINGS AT BEGINNING OF YEAR	<u>32,737,229</u>	<u>30,436,628</u>
	35,420,266	35,203,716
CASH DIVIDENDS PAID AND ACCRUED	<u>2,469,223</u>	<u>2,466,487</u>
RETAINED EARNINGS AT END OF YEAR (note 3)	<u>\$ 32,951,043</u>	<u>\$ 32,737,229</u>

*The accompanying notes are an integral part of this statement*

# THE EAGLE-PICHER COMPANY AND DOMESTIC SUBSIDIARIES

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOVEMBER 30 1961

- 1 Inventories other than ores metals and metal bearing products have been valued at average and standard costs or lower which approximate replacement market. Ores metals and metal bearing products have been valued at the lower of cost or market which has been reduced to state basic quantities of lead and zinc 7 000 and 18 000 tons respectively at fixed prices based on 6 5 cents per pound for lead (New York) and 5 cents per pound for zinc (East St. Louis) under the base stock method of inventory valuation adopted at November 30 1949.
- 2 Federal income tax provision for 1960 includes a non recurring credit of \$900,000.
- 3 Under the provisions of the loan agreement pertaining to the 3 $\frac{3}{4}$ % notes due July 15 1974 the company is required to prepay \$1 000 000 on July 15 of each year to maturity.  
  
The 3 $\frac{3}{4}$ % notes contain a covenant which so long as any of the notes remain outstanding restricts the amount which may be declared as dividends (other than those payable in capital stock of the company) or applied to the purchase redemption or retirement of the company's capital stock. At November 30 1961 the amount not so restricted was approximately \$10,675 000.
- 4 A portion of the company's sales for the year ended November 30 1961 is subject to renegotiation under the Renegotiation Act of 1951. Management is of the opinion that adjustment if any will not have a material effect on the financial statements.

PEAT, MARWICK, MITCHELL & CO

*Certified Public Accountants*

CINCINNATI OHIO

ACCOUNTANTS REPORT

THE BOARD OF DIRECTORS

THE EAGLE Picher COMPANY

We have examined the consolidated balance sheet of The Eagle Picher Company and its domestic subsidiaries as of November 30 1961 and the related statement of profit and loss and retained earnings for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests of the accounting records and such other auditing procedures as we consider necessary in the circumstances.

In our opinion the accompanying consolidated balance sheet and statement of consolidated profit and loss and retained earnings present fairly the financial position of The Eagle Picher Company and its domestic subsidiaries at November 30 1961 and the results of their operations for the year then ended in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

PEAT MARWICK MITCHELL & CO

Cincinnati Ohio

January 24, 1962

# TEN-YEAR SUMMARY

		FOR THE FISCAL YEARS 1952-1961					
SOURCE AND APPLICATION OF FUNDS	SOURCE			APPLICATION			
	Net Profit	\$39 114 502		Dividends Paid	\$19 906 234		
	Depreciation Depletion and Amortization	26 305 236		Capital Additions	46 286 204		
	Increase in Long Term Debt	4 500 000		Patents & Patent Rights Acquired	2 035 578		
	Disposition of Fixed Assets	5 350 276		Increase in Working Capital	9 300 582		
	Decrease in Foreign Investments	2 007 206		Increase in Other Assets	1 039 464		
	Other Sources	2 124 121		Other	833 279		
		<u>\$79 401 341</u>			<u>\$79 401 341</u>		
SALES EARNINGS TAXES DIVIDENDS	YEAR ENDED NOV 30	NET SALES	DEPRECIATION DEPLETION AND AMORTIZATION	NET PROFIT BEFORE INCOME TAXES	NET PROFIT	NET PROFIT PER SHARE	DIVIDEND PER SHARE CALENDAR YEAR
	1961	\$109 894 704	\$2 783 846	\$4 833,037	\$2 683 037	\$1 30	\$1 20
	1960	120 835 294	2 783 440	7 967,088	4 767 088	2 33	1 20
	1959	120 925 049	2 987 784	9 671 646	4 671 646	2 29	1 10
	1958	98 132 667	3 296 731	3 990 094	2 090 094	1 04	1 10
	1957	117 752 694	3 216 858	7 531,706	4 266 706	2 13	1 10
	1956	116 407 000	3 096 237	11 481 794	5 906 430	2 94	1 00
	1955	114 480 080	2 969 269	10 204 062	5 004 062	2 53	90
	1954	83 233 880	1 990 578	4 946 829	2 446 829	1 24	75
	1953	85 033 403	1 557 372	5 952,966	3 242 966	1 64	75
	1952	81 893 067	1 623 123	4 323 643	4 035 643	2 04	75
BALANCE SHEET HIGHLIGHTS	AT NOV 30	CASH AND U S GOVT SECURITIES	WORKING CAPITAL	PROPERTY PLANT AND EQUIPMENT NET	LONG TERM DEBT	NET WORTH	NET WORTH PER SHARE
	1961	\$ 6 587 542	\$27 926 337	\$26 569 140	\$12,000 000	\$45 687 278	\$22 15
	1960	8 574,104	29 632 137	25 191,707	13 000 000	45 081 582	22 03
	1959	14 126 040	30 133 749	24 006 005	14 000 000	43 212 387	21 14
	1958	7 319 071	27 920 267	24 008 928	15 000 000	40 716 257	20 23
	1957	11 472 791	27 786 595	23 549 875	15 000 000	40 858 362	20 37
	1956	13 947 086	27 298 811	24 389 349	15 000 000	38 899 244	19 35
	1955	12 710 610	23 247 257	24 470 614	15 000 000	34 834 412	17 61
	1954	8 053 695	18 447 048	25 824 409	15 000 000	31 610 917	15 98
	1953	20 716 682	25 808 749	17 583 985	15 000 000	30 646 045	15 49
	1952	12,766 129	25 176 975	16 493 018	13 575 000	28,898 443	14 61

\*Based on actual number of shares outstanding adjusted to present capitalization

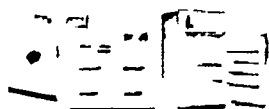
# PRINCIPAL PRODUCTS AND PROPERTIES



## CHEMICALS AND METALS DIVISION

PRINCIPAL PRODUCTS—Zinc and lead pigments and oxides ★ Special purpose electric power supplies ★ Sulphuric acid ★ Germanium gallium and various electronic metals and compounds ★ Cadmium ★ Slab zinc ★ Chat

PLANTS AND MINES *Plants* JOPLIN MISSOURI GALENA AND HILLSBORO ILLINOIS GALENA KANSAS COMMERCE HENRYETTA MIAMI AND QUAPAW OKLAHOMA LINDEN AND SHULLSBURG WISCONSIN *Mines* TRI STATE DISTRICT (MISSOURI OKLAHOMA KANSAS) ILLINOIS WISCONSIN



## CHICAGO VITREOUS CORPORATION

PRINCIPAL PRODUCTS— Porcelain enamel frits for home appliances plumbing ware lighting fixtures architectural paneling outdoor signs and other products requiring protective finishes ★ Lusterlite all porcelain enameled gasoline service stations

PLANTS CICERO AND PARIS ILLINOIS



## FABRICON PRODUCTS

PRINCIPAL PRODUCTS— Waxed paper cellophane and polyethylene wrappers ★ Lamin Art decorative plastic sheets ★ Custom impregnated papers textiles and glass cloth ★ Molded plastic parts ★ Automotive parts such as door trim panels trunk liners dash insulator mats and glove boxes

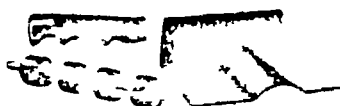
PLANTS RIVER ROUGE MICHIGAN PHILADELPHIA AND PITTSBURGH PENNSYLVANIA LOS ANGELES CALIFORNIA



## INSULATION DIVISION

PRINCIPAL PRODUCTS— Insulating cements blocks blankets felts board pipe covering ★ Diatomaceous earth filter aids aggregates absorbents catalyst supports insecticide carriers fertilizer conditioners paint fillers

PLANTS CLARK AND COLADO NEVADA JOPLIN MISSOURI



## THE OHIO RUBBER COMPANY

PRINCIPAL PRODUCTS— Molded and extruded rubber parts for the automotive agricultural equipment electrical appliance toy and other industries ★ Natural synthetic and silicone rubber products ★ Semi pneumatic tires ★ Flexible vinyl parts ★ Rubber to-metal parts ★ Polyurethane products

PLANTS WILLOUGHBY OHIO CONNEAUTVILLE PENNSYLVANIA LONG BEACH CALIFORNIA STRATFORD CONNECTICUT FORT SMITH ARKANSAS